



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: November 16, 2000

REPORT NO. 00-262

ATTENTION: Honorable Mayor Golding and City Council
Docket of November 21, 2000

SUBJECT: Strategic Framework Element Workshop

REFERENCE: Planning Report Nos. P-00-012, P-00-035, P-00-072, P-00-88, P-00-191,
Memos dated June 29, and August 9, 2000 .

THIS IS AN INFORMATIONAL REPORT. NO ACTION IS REQUIRED BY THE CITY COUNCIL.

BACKGROUND

What is the Strategic Framework Element?

The Strategic Framework Element is a proposed new chapter of the City's General Plan and Progress Guide that sets forth a strategy for growth and development of the City as we enter the 21st Century. The element will provide a vision for the future that is based upon core values and policy recommendations, and it will act as a basis for updating the other plan elements. The Strategic Framework Element will be accompanied by a five-year action plan that will identify and prioritize the measures necessary to implement the vision, growth strategy and policy recommendations.

Why is the Strategy Needed Now?

There have been major changes in the factors affecting the City's growth and development since the last comprehensive update in 1979. Since the 1970's the amount of vacant land remaining for development has diminished by nearly two-thirds to about 12%, increasing the role that redevelopment and revitalization will play in the future.

Additionally, for the first time in the history of the City, the adopted General Plan will not accommodate the projected population growth in terms of housing units and public facilities. The San Diego Association of Governments (SANDAG) has forecast that the City of San Diego will require approximately 50,000 dwelling units over the next twenty years, in addition to the

approximately 125, 000 already planned for in existing adopted community plans, to accommodate population projections. The nature of the population growth has changed dramatically. Most of the growth in the last twenty years was the result of immigration, both foreign and domestic. However, the forecast for the next twenty years projects that more than 60% of our growth will be from natural increase.

What is the Process?

The Strategic Framework process was initiated by the City Council in order to develop a new chapter of the General Plan and Progress Guide to set forth a vision for future growth and development of the City, and a Five-Year Implementation Plan to ensure that the vision becomes a reality. The process involves extensive public outreach, establishment of a 40-person citizen committee to guide development of the element, work with the City's agency partners in the region, and staff-lead research and analysis.

During 1999, staff conducted a review of over a dozen planning and visioning documents developed over the last two decades by citizen groups, agencies, and other cities. The City then conducted two phases of public outreach meetings in five geographic areas to solicit input regarding growth projections and the major issues associated with growth. Staff has also continued to work with MTDB, SANDAG and the County of San Diego to coordinate long range planning efforts.

In November of 1999, a forty-member Strategic Framework Citizen Committee, comprised of business, professional, and community leaders, was assembled to work with the data and public input that had been collected. The Committee developed and refined a vision and set of core values early in 2000 based upon the information, which was presented to the Planning Commission and the Council Committee on Land Use and Housing during the summer of this year. Numerous Citizen Committee meetings were held during the first half of calendar 2000, resulting in committee policy recommendations on Urban Form, Infrastructure and Public Facilities, Neighborhood Quality, Economic Prosperity and Regional Issues. In the summer of 2000, Citizen Committee Workshops and a third round of Public Outreach Meetings were held, where the proposed policies were further refined.

In June 2000, the Committee hosted two public workshops to review and discuss a range of growth strategies. At the end of the workshops, the Committee identified three strategies for further staff development: The City of Villages, General Intensification, and Existing Trends. The Committee selected the City of Villages as the Preferred Strategy but also recommended consideration be given to a set of tools to slow growth, an option called Reduced Residential and Employment Growth Tools, recognizing the tools could be implemented together with a slate of policies (Growth Tools) to alter the rate of growth, if desired.

In September 2000, staff completed and presented the first working draft of the General Plan Strategic Framework Element to the Citizen Committee. A revised draft, incorporating

additions requested by the Committee, will be the focus of two workshops. The first occurred on October 26, 2000 with the Planning Commission. A more detailed description of the workshop and Commission and public testimony is included in the Discussion section of the report. The City Council will hold the second workshop. After this input, and upon City Council concurrence, staff will work with the committee and the public to conduct a more comprehensive analysis of the alternative strategies and the Slow Growth Tools, including environmental review and financing strategies, for inclusion in the final draft Strategic Framework Element.

DISCUSSION

The City of San Diego has reached a watershed with respect to its development pattern. San Diego is one of the few major metropolitan areas built upon and around a canyon system. At its best, development has occurred around significant topographic features, floodplains, and, wetlands. At its worst, development has ignored and destroyed the natural template. Human habitat has intruded into all parts of the county and the consequences of this less than sensitive and smart growth is an altered landscape, clogged transportation corridors, and overburdened public facilities. It is a reasonable and rational response, therefore, for San Diegans to be skeptical about this region's ability to grow while maintaining a semblance of what drew us all here to begin with. If San Diego is to maintain and enhance its quality of life, a strategy which is comprehensive by nature should also address the issues of housing affordability, the changing nature of the economy, and traffic congestion, all within the social context of community. The two major questions that emerge from all the rhetoric, and the ones that deserve to be answered if we are to continue to work as a community to develop a growth concept are as follows:

- 1. Where and how should new growth and development occur?**
- 2. How do we pay for accompanying public facilities and amenities?**

The City of Villages Growth Strategy will begin to address both.

City of Villages

The City of Villages is designed to draw upon the strengths of San Diego neighborhoods, commercial centers, institutions, and employment centers. The term "village" is loosely defined as a place where residential, commercial, employment and civic/education uses are connected to create a cohesive whole. Village design is pedestrian-friendly and combined with elements to encourage neighborhood and civic gatherings. The land use mix includes significant public spaces and a variety of housing types and densities. This strategy envisions villages served and connected by superior transit services and a full range of adequately sized public facilities. If implemented, the City of Villages presents San Diego with the opportunity to achieve our values and to realize the positive aspects of growth, including:

- Providing the critical mass to support neighborhood amenities in the form of local shops, restaurants, businesses and services;
- Street level vitality and activity;
- Greatly enhanced transit, walkability, and reduced dependence on the automobile;
- Public spaces such as pocket parks, squares, greens and plazas, and schools, integrated into neighborhood and urban centers that encourage and invite public gathering and foster a celebration of neighborhood identity;
- the facilitation of planning, and probably funding, necessary public facilities;
- more efficient and intensive use of employment lands, thereby potentially providing more employment opportunities;
- creating new, affordable housing opportunities while preserving the vast majority of established single-family neighborhoods; and
- reducing pressure to develop rural portions of San Diego County and other areas beyond the County that encourage long work commutes impacting the region's transportation networks.

Distribution of Growth

The following is a more detailed description of the hierarchy of the distribution of density and intensity of residential and employment growth. Since the term "village" is being used as a unifying concept, other specific categories of land area are needed to define and map specific locations where growth will occur. These categories include:

Center City: The Centre City community plan area plays a unique role in our City and region. It is our administrative, financial, cultural and institutional center. This strategy encourages the further intensification of Centre City as a means to maintain its role as a regional hub and to help preserve the low/moderate densities in the City's more residentially-oriented community plan areas.

Subregional District: A subregional district is a major commercial, employment, and residential area where some of the highest densities/intensities in the City occur. Existing subregional districts include most of the Mission Valley and North University City communities. Emerging subregional districts include Otay Mesa, Kearny Mesa, and the Sorrento Mesa area. Subregional districts would include more focused high density/intensity growth areas known as urban centers.

Urban Centers: Urban centers would range in size from 10 to 160 acres. They could include a mix of major employment uses, intensive residential development and regional commercial uses. Urban centers would be located in subregional districts and could support minimum average densities of 45 dwelling units per acre. University Towne Center and the higher density development surrounding it is an example of an existing urban center. San Diego Spectrum on the former General Dynamics site is representative of an emerging center.

Neighborhood Centers: Neighborhood centers would range in size from 10 to 160 acres and could support a wide range of densities and building types. They would also include neighborhood shopping and service uses, and could include a local employment component. Density and intensity would vary depending on each center's location, character, public facilities, and context within the City as a whole. San Diego's established community plan areas would have one or more neighborhood centers. The Uptown District in Hillcrest, at about 40 dwelling units per acre, and the new Mira Mesa Market Center are examples of neighborhood centers. Additional centers could be developed on underutilized land or aging shopping centers throughout the City.

Corridors: The City contains miles of commercial corridors that offer reuse potential. Some of these corridors are "main streets" in that they are lively and vital, pedestrian-friendly, and home to a rich variety of small businesses and restaurants. However, in some cases these corridors are unsightly strip commercial districts struggling to compete with more upscale centers. These corridors could be redeveloped or revitalized through zoning that permits a higher intensity of mixed-use, residential/commercial development or higher density residential development. The increased residential densities would help us meet our housing goals, as well as provide a built-in population base to support street level businesses. Corridors would be transit-served and are an important part of the City's system of linkages.

Remaining Areas: Remaining areas would include the rest of the developed or developable parts of the City excluding open spaces, parks, and preserves. While the majority of new growth would be focused in the centers and corridors, it is inevitable that a portion of the growth will go into other areas. This could occur in the form of companion units in single-family zones, new subdivisions on our remaining undeveloped land on the urban fringe, or through infill development in areas outside the designated growth areas.

The precise boundaries and development parameters for sites within each of the above categories would be determined through the community planning process. After considerable research and fieldwork, staff developed generalized templates for each of the above categories to begin to test how density could be distributed throughout the City. Staff also considered neighborhood character, established single family neighborhoods, natural and historic resources, topography, and transportation/transit corridors. Based upon just this descriptive information, staff performed a preliminary calculation and discovered that the additional 50,000 units could be accommodated in potential neighborhood centers, urban centers, and corridors located throughout the city. Staff needed to complete this kind of basic analysis to determine if the strategy would accommodate the City's proportionate share of the region's growth as projected by SANDAG. More detailed

development of the strategy, especially the distribution of growth will necessarily involve community residents and interest groups, and as previously noted, will be accomplished through the community plan amendment process.

Significant Issues

Several significant issues and questions were raised at the public workshops, committee meetings, and public outreach sessions. They are briefly discussed below:

Public Facilities

Targeting growth into limited areas and planning for the accompanying required public facilities provides the best opportunity to preserve neighborhoods, open space, and other natural resources, some of the elements that comprise what San Diego citizens all refer to as Quality of Life. A major challenge to implementing the village strategy is to create an incentive package that will make increased densities acceptable to existing and future residents of the targeted growth area. The Infrastructure and Public Facilities Citizen Subcommittee held a series of meetings over the past year to discuss various financing alternatives available to fund public facilities. Using available financing methods at the current levels of funding, the committee has estimated that by 2020 there could be a \$2.5 billion shortfall in the amount of funding needed to support the urbanized communities based on present community plans. Currently, the subcommittee is in the ongoing process of developing policy recommendations that will address possible financing alternatives to meet this anticipated shortfall. More detail on committee discussion and proposals is included in the Financing section of this report.

Transit

Another major challenge is the development of a superior transit system. Fortunately, MTDB is engaged in its own strategic planning process, *TransitWorks*, which will guide regional transit investment and land use planning over the next twenty years. On October 26, 2000, after considering four alternative scenarios ranging from the provision of limited service to accelerated growth of transit comparable with other leading U.S. and European cities, the Board of Directors for MTDB adopted the most aggressive transit strategy. If implemented, *Transit First/Scenario Four* (as it this strategy is entitled) will provide transit between stations and stops within a comprehensive network and at 10-15 minute intervals. MTDB staff and their consultant are in the process of preparing a report on system costs and financing.

MTDB staff has acknowledged that the development and success of world class transit depends upon major public investment. Just as important, however, they stress is a commitment to a coordinated land use strategy, blending mixed use with increased density and intensity and pedestrian design. The City of Villages provides that commitment, and in turn relies in large part upon an enhanced transit system to facilitate development at higher densities, enhance opportunities for affordable and entry level housing, and to focus design on walkability.

How do We Know that We Will Grow?

The City of Villages strategy is designed to accommodate growth when and if it occurs. If desired by the community residents and decision makers, implementation could be combined with a slate of policies intended to slow the rate of population growth. SANDAG is in the process of completing a study of the efficacy and effects of slow growth policies, and staff will present the results of that study as soon as they are available. The fundamental principle underlying the village strategy is that as growth does occur, at whatever rate, it should be located so that the quality of life of San Diegans is improved rather than degraded. The City of Villages is a growth concept, but it is first and foremost a strategy to implement the vision and values as expressed by City residents.

Financing

This is one of the major questions asked during discussions on the growth of the region, and it is a major obstacle to implementation of any strategy. It would take a state constitutional amendment to permanently return to the City the substantial portion of property taxes and subventions shifted to state control and allocation in the 1980's and 1990's. Until such action may occur the City (like most other cities in California) is faced with significant and increasing shortfalls in providing public facilities and infrastructure. Planning and Financial Management staff have worked with a team of experts from both the private and public sector to grapple with this issue, and developed a preliminary list of potential funding sources. Given the magnitude of the infrastructure and public facility needs, the Citizen Committee decided to investigate all options, and has even discussed the possibility of a General Obligation "Quality of Life" Bond Measure. Additionally, planning staff has begun to compile a list of grants and other funding sources linked to Smart Growth planning and projects. This is solely an exploration of what monies are potentially available, it is not an endorsement of a slate of taxes or fees. Community residents and decisionmakers will need to discuss and debate the utility, viability, and wisdom of each:

- **Greater Use of Temporary Taxes** to address issues of public concern and benefit such as the 20-year 1/2% Transportation Sales Tax (TransNet);
- **Business Taxes** on a par with other major cities;
- **Infrastructure Assessment Districts**, a fee levied against real estate, as part of the property tax;
- **Port Revenue**, some percentage may be justified for allocation to the City based on the City as a destination for tourists, business travelers, and convention participants (this opportunity may arise if there is a change in or consolidation of agencies related to the local governance proposals currently being reviewed based on recently approved state legislation);

- **Pre-Proposition 13 authorized ability for limited increases in the property tax** in the categories of open space and parks, and for use in funding the City Retirement System;
- **City Attorney turn over of misdemeanors to the District Attorney;**
- **Other Tax Sources** such as payroll taxes, tobacco tax proceeds, and/or increase in the Transient Occupancy Tax;
- **Cooperative, Legislative and Policy based approaches to achieve unfunded facilities needs**, such as joint use facilities (schools, parks, libraries, etc.), State/Local Fiscal Reform proposals, and leveraging of existing funding sources to utilize bond financing;
- **Right of Way Fees (Water/Sewer)** \$14 million was generated in 1998 before its current phase out was initiated by the City Council, with revenues diminishing to zero in 2003;
- **1% Utility User Tax** (compared with a 10 % ongoing rate in L.A.) applied to Gas & Electric, Cable, and Telecommunications; and
- **Use of redevelopment districts** to achieve tax increment financing for public facilities.
- **Cost Recovery User Fees** such as direct user fees for single family refuse collection and recycling services;

Economic Prosperity

The effective integration of growth must include a goal to ensure a rising standard of living for all San Diegans. The development of the “new” economy requires that San Diego act regionally to successfully compete in the global market. The policies developed by the Economic Prosperity Subcommittee during the past year focus on sustaining economic growth as the population increases. The City of Villages Strategy provides for the continuation of the ability to physically expand existing business, as well as the ability to attract new industries which could provide the city with a more diverse economic base. The subcommittee also included a policy to mitigate the current national and local trend of an “hourglass economy” to create additional middle-income employment opportunities within the city.

Regionalism

The City of Villages growth strategy recognizes the interrelationship of growth issues between the City of San Diego and the other jurisdictions in the region. Growth issues, such as transportation and the economy, do not always recognize jurisdictional boundaries. Also, development in the City of San Diego has reached the limits of its jurisdictional boundaries. Increasingly, it is becoming more necessary that we coordinate land use, transportation, and open space planning and the provision of public facilities to help ensure that the region’s residents can raise their quality of life. The City of San Diego, as a member agency of the San Diego

Association of Governments (SANDAG), is in the ongoing process of meeting with the region's other jurisdictions, including Mexico, and agencies, including MTDB, to ensure that the City of Villages growth strategy complements and supports other long-range smart growth strategies.

Planning Commission Workshop and Direction

On October 26, 2000, the Planning Commission held a public workshop to review the draft strategy and to provide an opportunity for formal public input. Citizen committee members and public agency partners assisted staff the workshop presentation. Approximately ten members of the public testified, including representatives from the environmental community, community planning groups, CCDC, and the business community. Despite the variety of opinions offered, no one testified in opposition to the City of Villages. For the most part, public testimony centered around how to improve the strategy and suggested revisions and additions. The Commission heard testimony regarding: the need to emphasize preservation and respect for all open space, including urban canyon systems, the importance of incorporating historic resources into neighborhood centers and corridors, and how the neighborhoods view the provision of adequate infrastructure as a critical component of any new strategy that deals with the next twenty to 50 years. Additionally, several people asked that staff extend the planning horizon, and conduct an analysis of the potential limits of growth to answer or at least provide some direction regarding the question about how much the City can grow. Some members of the public also asked staff to provide an analysis of current city policies that promote growth.

The Planning Commission also directed staff to provide additional analysis about the components of growth to determine if, indeed, efforts to create jobs induce growth, and what kinds of jobs are being created. The Commission also agreed that a park facilities master plan should be prepared, and that the City should examine the development of "smart growth criteria" to direct public infrastructure investment as recommended by the draft strategy. Additionally, the commission suggested that the strategy incorporate a value, policies, and actions related to sustainability especially as it relates to air, water, and energy quality and constraints. Some members of the Planning Commission also concurred with the strategy's reliance upon Centre City as the continued administrative, business, cultural, and institutional center of the region, and recommended that it be emphasized as such.

In sum, the Planning Commission expressed support for the City of Villages and forwarded the draft strategy on to City Council for presentation and discussion.

Next Steps

If directed by the City Council, staff will begin a year long process to develop a draft Strategic Framework Element for adoption. The work program will include:

- **Scoping of the environmental document -**

Subsequent to formulation of a detailed project description of the proposed plan and prior to consideration of a proposed Strategic Framework Element for adoption, the proposed element would be subject to CEQA environmental review which includes public review of the environmental document. Preliminary assessment of potential environmental issues most likely to be considered and/or analyzed in the CEQA environmental document include: land use (including open space), traffic circulation (vehicular and alternative modes), air quality, public services, utilities, and facilities, water quality/conservation, cultural resources, neighborhood character, noise, and regional geologic hazards. The main focus of environmental analysis would be proposed project, the Citizen Committee Preferred Alternative (City of Villages). In addition, CEQA-mandated No Project Alternative (Existing Policies and Trends Alternative) would also be evaluated in comparison to proposed project, and other alternatives (including General Residential Intensification Alternative and/or Reduced Residential and Employment Growth Policies Alternatives) which could feasibly accomplish most of the basic objectives of the proposed project and could avoid or substantially lessen one or more of the significant environmental effects, would also be evaluated. Cumulative effects of the proposed project and other related regional projects and/or planning efforts would also be considered and/or analyzed. These potential cumulative projects may include the County's General Plan Update, City/County adopted MSCP, SANDAG's Regional Transportation Plan, SDAPCD's State (Air Quality) Implementation Plan, MTDB's TransitWorks Plan, Municipal Permit (Standard Urban Storm Water Mitigation Plans - SUSWMPS) and Chula Vista's Otay Ranch.

- **Collaboration with community planning and citizen groups -**

This will involve a more detailed exploration, study, and design of the neighborhood and urban centers. Staff hopes to work through the Community Planners Committee (CPC) to reach out to as many communities and neighborhoods as possible. CPC is hosting a workshop as the sole item on the agenda for the November 28 meeting. Community planning groups are a valuable, established, and reliable tool for involving residents in land use planning issues. We hope, however, to also meet and work with new partners throughout the city.

- **Pilot projects as a demonstration of how the City of Villages can work -**

Development of a program to identify and help to implement individual projects around the city to demonstrate how various components of the proposed strategy can be successful at accommodating growth and improving the livability of our neighborhoods and communities. Such projects could range from pedestrian retrofits to reuse of an aging, underutilized shopping center to alternative school/park designs. This will include

establishing a citizen oversight committee comprised of community and technical experts to define the parameters of the program, identify funding sources, and advise the city in how to make these projects a reality.

- **Tackling the financing component -**

Any growth concept is dependent upon a viable financing plan. Staff will be working with a newly established committee to develop a financing strategy based upon the information described earlier in this report. The financing plan will be presented concurrently with the City of Villages and alternative growth strategies for Planning Commission and City Council consideration.

- **Five Year Action Plan -**

Staff will be working with the Citizen Committee to complete an analysis and prioritization of items on the Action List to develop into an Action Plan complete with timeline, responsible department/agency, and funding sources.

Respectfully submitted,

Tina P. Christiansen, A.I.A.
Planning and Development Review Director

Approved: George I. Loveland
Assistant City Manager

S. Gail Goldberg, A.I.C.P.
City Planner

GOLDBERG/FROST/ALM

Attachments: 1. Strategic Framework Questions and Answers
(under separate cover)
2. Draft Strategic Framework Element
3. Illustrative Summary

Note: The attachments are not available in electronic format. Copies of the attachments are available for review in the Office of the City Clerk.